

POLICY: FISCAL SUSTAINABILITY PLAN

Authority: The Board for Financing Water Projects is authorized by Nevada Revised Statutes (NRS) 349.982 to establish requirements for participation in the Capital Improvement Grants Program.

Purpose: It is the board’s perspective that every utility should be aware of its infrastructure and have a plan to replace aging capital assets. A fiscal sustainability plan (FSP) will help systems prepare for emergencies by encouraging them to identify those assets that are critical for a fully functional system. A FSP should help the grantee maintain an acceptable level of service at the lowest life cycle and operational cost. Assistance can be provided through the Division of Environmental Protection to prepare a FSP at no charge to the grantee.

The State does not consider a system “viable” or a project “financially feasible” if it is financially unable or unwilling to support the system’s future. As a result, grants awarded to a community include the condition that the utility will prepare and maintain a FSP.

Policy:

- If a grantee has a FSP, then the grantee must submit the FSP to the division.
- If a grantee does not have a FSP when requesting a grant, the division will add a condition to the funding agreement that a FSP must be developed, implemented and submitted to the division prior to the final grant disbursement.
- FSPs must include:
 - An inventory of large system assets and short-lived assets
 - A determination of which assets are critical to system operation (for example, assets that lack backups such as a system with a single supply source or assets that would have a high-cost impact if they were to fail)
 - An evaluation of the condition and performance of inventoried assets or asset groupings
 - Documentation on the projected lifespan of the assets
 - A procedure for maintaining, repairing, and as necessary, replacing the system and a strategy for funding such activities
 - A certification that the grantee has evaluated and will implement water and energy conservation efforts as part of the plan and projects, and that it has selected, to the maximum extent practicable, water and energy efficient approaches to repair or replace assets

- FSPs should be treated as “living documents” that are regularly reviewed, revised, expanded, and implemented as an integral part of the operation and management of the system. The board will consider a FSP current if it has been reviewed and updated within the previous five years. The division will monitor grantees to ensure compliance with this policy.
- The system should be broken down into logical sections using best professional judgment. For a rehabilitation or replacement project, for example, it may be appropriate to segment a large system into areas or zones and create a FSP for a single affected area only. On the other hand, a small system may create a plan that covers the entire system. The division will review requests to break down systems into logical sections on a case-by-case basis.